

# **POLICY ON BEST SELECTION OF INTERMEDIARIES**

AMF General Regulations: articles 314-69 to 75-1

For Dorval Asset Management, this procedure will apply mainly for the selection of brokers in charge of executing orders placed in the context of the management activity on behalf of third parties (individual or collective).

## **I - Selection of Intermediaries/Counterparties**

### **Entering into a relationship**

Before entering into a relationship, Dorval Asset Management checks that the intermediaries have the authorisation and the capacity to provide the services necessary for its requirements.

With regard to brokers, the SGP makes sure that it does indeed receive the policy on execution of orders from the intermediary in question.

The absence of the broker's undertaking to provide a service of best execution would make any contractualisation impossible.

### **Compiling the dossier**

The supporting documents that must make up the dossier on the intermediary or counterparty are requested by the manager who initiated the relationship and these are then centralised by the compliance and internal control officer.

Each intermediary's dossier is made up of the following documents:

- agreement signed with the intermediary or counterparty;
- policy on execution of orders;
- documents relating to the identity and capacity of the intermediary or counterparty in the event that said establishment is not a financial body within the meaning of article L. 562-1 of the French Monetary and Financial Code. For establishments in France approved by the AMF and CECEI, this check may be informal since the information is available on the Internet;
- the policy on execution communicated by the broker.

### **Assessment criteria**

The main criteria retained for the selection and assessment of intermediaries and counterparties are as follows:

- the cost of intermediation;
- the quality of execution (capacity for best-execution in accordance with the regulations in force);
- the quality of administrative processing (sending confirmations, quality of the back office ...);

- the quality of commercial follow-up: quality of follow-up by the person in charge of the account at the intermediary and relevance of their interventions.

Other criteria may be added with a view to improving the assessment carried out.

It should be noted that the "financial analysis" criterion is to be taken into account autonomously, in accordance with article 314-75-1 of the AMF General Regulations.

## **II - Assessment of intermediaries/counterparties**

### **Frequency**

Each year, Dorval Asset Management draws up a rating for its intermediaries and counterparties in line with the criteria defined in the previous chapter.

### **Terms and conditions**

The assessment of each intermediary or counterparty is the subject of an update to the corresponding summary sheet. The set of results is compiled item by item and gives rise to a general appraisal enabling:

- validation/modification of each intermediary's assessment.
- control of the consistency of ratings with the analysis of order flows.

### **Decisions**

If an intermediary or counterparty no longer meets the qualitative and/or quantitative criteria defined by Dorval Asset Management, the Management may decide:

- to restrict the order flows with the broker;
- to suspend the relationship;
- to send a letter to the intermediary or counterparty in order to inform them of the dysfunctions observed.

In the event that the criteria are no longer fulfilled and if Dorval Asset Management wishes to terminate the business relationship with an intermediary or counterparty, it must, as far as possible, resolve all of the transactions in progress with the establishment in question.

## **III - Policy on execution of orders**

Dorval Asset Management does not have direct access to the markets but uses the services of intermediaries (brokers).

As such, the policy on best execution that SGP must put in place primarily comprises the two following points:

- the application, a priori, of a policy on best selection of brokers which consists of providing the services of the best intermediaries;
- the application, a posteriori, of a certain number of controls aiming to check that the best possible result is obtained when executing orders.

#### **IV - Report on intermediary fees of Dorval Asset Management**

In accordance **with the article 314-82** of the General Rules of AMF, we bring to your attention the report on intermediary fees, specifying the conditions under which our company made use, for the forgone financial year, of support services to help in the investment decision making process and order execution.

- Within the framework of equity transactions, **over the 2017** financial year, we have made use of services designed to help in the investment decision making process and order execution services pertaining to UCITS managed by DORVAL ASSET MANAGEMENT as well as to portfolios managed by our company under a discretionary or advisory asset management mandate.
- The allocation key observed over the previous financial year between the execution fees and the fees corresponding to both investment decision making support services and order execution services is the following:
  - the fees corresponding to both investment decision making support services and order execution services have represented **67 %** of total intermediary fees,
  - the execution fees have represented **33 %** of total intermediary fees.
- From the totality of intermediary fees incurred over the previous financial year, fees corresponding to both investment decision making support services and order execution services refunded to a third party within the context of shared commission agreements in accordance with article 314-81 of the General rules of AMF have represented **10 %**.

Regarding the prevention and management of possible conflicts of interests in the choice of service providers, we have not become aware of any conflict of interests. To avoid all conflicts of interest, we have put in place a policy of prevention and management of conflicts of interests. This policy is available on the DORVAL ASSET MANAGEMENT website.